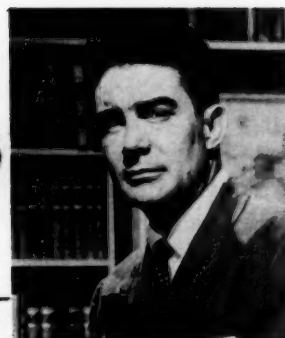


# THE *Dan Smoot Report*

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DAN SMOOT

## Freedom of Initiative

by SENATOR STROM THURMOND

*On May 30, 1958, United States Senator Strom Thurmond (Democrat, South Carolina) made a speech at ground-breaking ceremonies for a new (private) steam generating plant of the Carolina Power and Light Company, at Hartsville, South Carolina.*

*The following is a portion of that speech:*

These ground-breaking ceremonies for the erection of this large steam generating plant point up the fact that South Carolina continues to inspire the confidence of the business world and to forge forward industrially. Private enterprise has the initiative, the desire, and the willingness to expand and develop where the atmosphere of State and local government is favorable and where the attitude of the people is conducive and cooperative. . . .

The plant will be the product of our vast free enterprise system which has made the United States the greatest country in the world. It is a refreshing thing for me to be here on the spot, and to get a glimpse of the free enterprise system in action. This is one of the things that make Hartsville today a more refreshing place than Washington.

The atmosphere in the Nation's capital is one that reflects an alarming disregard for the virtues of the free enterprise system. Hardly a day goes by in Congress without some new scheme being proposed to put the Federal government further into business and deeper into debt. Action of this nature is not new. In this year of general business recession, however, it has been greatly intensified — so much so that we will wind up with a deficit of approximately \$9 billion this year and some new socialistic programs that strike at the very foundations of our free enterprise system and of our Constitution.

These proponents of government in business have used the recession as an excuse to win approval in the Senate of some wild-eyed programs that would not even be considered by the Congress under normal circumstances.

Even during a slight recession, they bring great pressure on the government to "do

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something," and the "something" very often turns out to be a scheme to interject more government regulations into private business.

In the name of doing something for the American economy, the Senate recently passed one of the most dangerously socialistic bills to come to the floor in a long time. This legislation, known as the Area Redevelopment Bill, would set up a Federal loan and grant funds to be used to aid communities in areas of chronic depression to secure new industry. Essentially, it provides a Federal subsidy to bring industry into areas where, at the present time, industry does not want to go.

I do not believe that the Federal government should be a party to any such scheme.

In a more indirect way, the Federal government is already involved in a plan to encourage industrial plants to remain in areas where they cannot compete with other plants in the same industry. The procurement procedure now being followed in the Department of Defense provides for special consideration to plants in areas where labor is surplus. This policy places a premium on inefficiency, and in the long run weakens the economy. I have introduced legislation to prohibit this discriminatory procurement policy, and the bill S. 5, is now pending on the Senate calendar.

Recently, the Senate passed another measure, the Community Facilities Bill, authorizing a billion-dollar program of loan assistance to local governments for public works construction.

The bill has a number of flaws. I will mention a few of them to indicate the extent to which the Federal government is getting into matters which should be left to the free enterprise system.

The Community Facilities Bill sets forth the terms under which communities may obtain loans from the Federal government. It also makes it a matter of Federal policy that

all communities shall be eligible for these loans if they cannot obtain loans on terms *equally good* in the open market. It does not matter whether the terms available on the open market are reasonable terms — they must be equally good — and the terms in the bill are most liberal. There are three reasons why I classify this as bad legislation.

It encourages local communities to get into debt over their heads; it discourages private investors from making loans to local governments; and it puts the Federal government further into the lending business.

Both the Area Redevelopment Bill and the Community Facilities Bill include the Davis-Bacon wage-fixing procedure, by which the Secretary of Labor, in Washington, sets the wage scales for construction projects undertaken with the Federal loans.

This is merely more Federal dictation from Washington. This kind of control and interference in the public works projects of our local communities is completely unwarranted and is contrary to every tradition and concept of the responsibilities of local governments for carrying on local affairs.

I could go on telling you about other instances in which the Federal government has extended its long arm into the workings of our free economy, with bad effects. The legislation I mentioned was approved by the Senate in recent weeks. . . .

It is important for us to bear in mind the simple economic fact that the government does not have any money to spend except the money it takes from the taxpayers. This is a very basic thing. Surely a ten-year-old child can understand it. Nevertheless, it is not understood as well as it should be; otherwise we would not have so many mature and presumably well-informed people continually asking Congress to appropriate more money for every conceivable project under the sun. . . .

One of the best ways that the government can aid business is by practicing strict economy in its own affairs. Our public debt has gone from \$17 billion to \$280 billion in less than 25 years, despite the fact that the Federal government now takes nearly 70 per cent of our tax dollars, leaving only 30 per cent for all State and local governments combined. Economy at the Federal level is necessary, in order to leave enough tax sources free to support State and local governments, and to reduce the heavy load of taxation, which is a major item of expense to every individual and business enterprise in the United States. . . .

Business also needs relief from the ever-increasing burden of expense, which accompanies the filling out of the endless series of complex reports, incurred by a multitude of Federal agencies.

Certainly, it behooves the Federal government to encourage the development of new markets for American products, both at home, through research looking toward the development of improved products and broadened markets, and abroad, through the regulation of foreign trade.

The expansion of markets, it seems to me, is one of the most desirable goals we can have in mind in formulating a realistic foreign trade policy. Since the formation of the American government, the tariff has been used for a variety of purposes. Originally, the tariff was conceived as a means of producing revenue for the government, and no attempt was made to regulate the flow of imports.

Later, as manufacturing developed in this country, it was thought desirable to use the tariff as a barrier to protect domestic industry. Since World War II, we have made the tragic mistake of using foreign trade primarily as an instrument of foreign policy, without sufficient regard to the well-being of the trade itself.

We have subsidized the establishment of

textile mills in foreign countries to compete with our own textile industry, and, by lowering tariff barriers, have encouraged these foreign textile interests to compete with our domestic mills on unfair terms. I believe in world trade, and I am convinced that our government should encourage the expansion of foreign trade to provide new markets for our domestic industry. However, we should not make the grave mistake of sacrificing our domestic industry on the pretense of foreign policy.

Because I believe in the free enterprise system, and want it to continue, I am a sponsor of legislation to remove tax inequities which put a special burden on the small businessman. Almost every business begins as a small one. Some survive, some fall by the wayside. The path of the small businessman has many pitfalls. I do not believe that the Federal government can remove those pitfalls, but I am firmly of the opinion that it can restrain itself from adding new ones. It is important to our free enterprise system that we retain, in our country, the right for a man to go into business for himself and take a chance, with the expectation that, through the application of good sense, hard work and a little bit of luck, he will be able to make a success of his enterprise.

Let me quote . . . from a brief talk which a distinguished statesman made last fall:

*Whence comes (our national) strength? It lies in freedom of men's initiative and the rewards of their efforts. It comes from our devotion to liberty and religious faith. We will have no decline and fall of this nation, provided we stand guard against the evils which weaken these forces.*

Freedom of initiative is not listed in the Bill of Rights, but perhaps it should be. It is there in spirit, if not in letter. The American Revolution was not aimed at setting up a regulatory government. Quite the contrary, it was



aimed at establishing a form of government which would keep regulation to a minimum.

It was, in short, a government admirably designed for the development of individualism, and the freedom of men's initiative.

The foundation principal of individualism is that one reaps what and where he sows, and finds happiness according to his competence in the pursuit of happiness. There is a dignity in self-reliance that is sharply in contrast with the degradation of the individual, which is part and parcel of Russian Communism. . . .

The State that stands for freedom of initiative is a State that will prosper richly in years to come. It is also the State which will lead in human happiness through its recognition of the dignity of the individual.

Only through protecting freedom of initiative can we, in the words of the Constitution, "secure the blessings of liberty to ourselves and our posterity."

\* \* \* \* \*

## Courting National Disaster

*In his June 2, 1958, newsletter report to constituents, Senator Strom Thurmond discussed foreign aid.*

**He said:**

Communists have just won an important election in the Southeast Asian nation of Laos. Laos has been getting more annual U.S. foreign aid per capita than any other country — \$40 million for 2,000,000 inhabitants. It happens that the country's Minister of Planning and Reconstruction, who has a voice in the spending of this American money, is the leader of the communist political movement in that country.

In Laos, we have been spending \$20 a year for every man, woman and child; yet, the

party which is gaining political power is the Communist Party.

This is an outstanding example of the way in which our so-called mutual security program is failing to aid American security. . . .

We have given military equipment to some countries to equip forces greater than the country can raise or is willing to raise. In distributing economic aid, we have assumed that economic development will pave the way for the growth of democratic governments patterned after our own. Yet, in case after case, the governments which have actually developed have been undemocratic and quite often unfriendly to the United States.

We have spent more than 1½ billion dollars to aid Communist Yugoslavia, although the government of that country has blown hot and cold in its relations with the Soviet Union and could not be relied upon to stand with the United States in the event of war.

We are weakening our own industrial strength by setting up competitors for American industry in foreign countries, although it is vital to our national security that our own domestic industries be maintained in a strong position.

We are courting national disaster by continuing to base our foreign policy on indiscriminate economic aid and military aid to doubtful allies and neutralists.

I am particularly disturbed that the Senate Foreign Relations Committee has recommended that the President be given authority to extend aid to all countries except Soviet Russia, Communist China and North Korea.

\* \* \* \* \*

## Toothpicks and Rattlesnakes

What Senator Strom Thurmond says (see both the articles above) is typical of com-

ments being made almost daily by thoughtful members of the national Congress; and the circumstances reflect an incredible condition in our country.

### The circumstances?

Strom Thurmond (a famous and important man in public life) terms Senate Bill 3683 — the Area Redevelopment Act — *One of the most dangerously socialistic bills to come to the floor in a long time*. And no one appears to pay any attention to him.

Senator Thurmond is right about the thing, but too restrained in his expression. The Area Redevelopment Act (which the Senate of the United States has fobbed off on an unwitting and apathetic American public as "progressive legislation" under the Constitution) is, in fact, the same kind of "law" which the Soviets impose on Russians by dictatorship.

Yet, how many of you — who are literate readers of the free American press — have heard anything about the Area Redevelopment Act, except that the Senate passed it and that it is supposed to help our economy?

If you have read anything about the act at all, you probably have observed that all the powerful forces in our society seem to be for it — not only the unions, but some business groups and chambers of commerce and others who are always whining about socialism.

Why are they for the Area Redevelopment Act? Why, it promises to be another big trough full of federal tax money; and the boosters want to get their share for their community. The unions are for anything that increases government control of the economy, because unions enjoy government favoritism; and the power of union bosses, therefore, increases in exact ratio to the increase of governmental power.

In addition to the powerful organized

forces which claim to revere freedom but which support socialism out of greed, there are the legions of fatheads, the latter-day abolitionists, forever on the prowl to legislate utopia.

Here, I cannot resist an aside, a suggestion to some bright young constitutionalist who may be working for an advanced degree in some university — why not do some scholarly research and write a graduate thesis on the subject: "Who has done the most harm to freedom in the United States — the sinister revolutionists, or the greedy and power-hungry, or the professional do-gooders?"

Senator Strom Thurmond says (and there are other men of stature in both parties and in both houses of Congress saying) that the domestic policies of the federal government are strangling the individual freedom and initiative which built our nation — saying that we are courting national disaster with our defense and foreign policies.

But who listens?

Indeed, who can listen? Few of the nation's big newspapers report their words of warning — and practically none of the nation's national radio and tv commentators.

Why don't lawmakers like Strom Thurmond do something about the laws they know are ruining our country?

They do what little they can in committee and on the floor, but they are badly outnumbered.

They are outnumbered, because it is difficult for a constitutionalist and patriot to be elected in the kind of welfare state which new dealism, and modern republicanism have built in the United States.

A constitutional patriot cannot promise anyone anything that is to be paid for by someone else. His political opponents can

promise to raid the public treasury for hand-outs to everyone.

Liberals can promise businessmen and chamber-of-commerce boosters federal money for their municipal airport; federal money for "urban renewal"; federal money for streets and roads; federal money for public works.

Liberals can promise unions that the Davis-Bacon wage-fixing procedures will be written into all federal contracts; that none of the unions' special privileges will be taken away; that collective bargaining under union monopoly will continue as national policy.

Liberals can promise greater benefits for the unemployed; bigger pensions for the aged; socialized medicine for the ill; easier federal loans for real estate dealers; bigger subsidies for the airlines; greater handouts for the farmers; more foreign aid contracts for big industries; bigger tax write-offs for some; and special tax-exemptions for others.

A constitutional patriot can promise none of these blessings, to be paid for with money taken away from some one else.

A constitutional patriot could make the finest promise of all: he could promise to help get the tax collectors' hands out of our pockets and the bureaucrats off our backs, so that we could keep our God-given freedom, and enough of our own money, to work out our own problems.

But it's hard for a man like that to get on a ballot anywhere in the United States. Both major parties have prostituted themselves to expediency and have become actual enemies of American constitutional government. A successful third-party, or write-in, candidate is rare.

Some of the good conservatives who manage to get elected under the label of one of the major parties seem to lose something important in the process.

These are the Senators and Congressmen who tell their friends privately that the Truman-Eisenhower foreign policy was dictated by an invisible, international cabal determined to force America into world government; that our Social Security system is bankrupt; that the committees of big businessmen, who make world tours to study our foreign aid programs and then help sell them to American taxpayers, are motivated by the government contracts which foreign aid gives them; that inflation is a deliberate policy of government, designed to dull, like a narcotic, the pains of big-government taxing and spending; that the leadership of Congress answers to the whip of Walter Reuther.

But many of the Senators and Congressmen who say these things privately will never say them publicly: they don't want to be branded as extremists and crackpots.

When you accuse them of being cowards, they indignantly reply that they are not *afraid* of being branded: they just don't want to lose their effectiveness.

When you ask them, *what effectiveness*, they mark you down as a bad-mannered boor and brush you off; or, they coldly remind you that their politeness and moderation have put them in Congress where they can do *some* good — and what good can you do, with your rude and uncompromising bluntness of speech?

It's a good question, but it misses the point. The point is that most of the conservative-at-heart moderates in Congress have moderated themselves into impotence: to wit — Joe Martin, Republican leader in the House. Some of them have even gone over to the left side: to wit — Everett Dirksen, Republican Senator from Illinois.

Do you remember a time when "Bricker Amendment" was a phrase which could have elected someone President of the United



States? It didn't, because it got moderated. The great national groundswell for a Bricker Amendment did not subside because Eisenhower called Bricker Amendment supporters "nuts and crackpots." It subsided because the Bricker Amendment itself became a worthless — if not a dangerous — proposal.

Senator Jenner's bill to limit the appellate jurisdiction of the Supreme Court (although too moderate when introduced in August, 1957) had some strength and color, and it created considerable public enthusiasm. But Jenner's Bill has undergone moderation too. Only one of Jenner's original five provisions remains in the bill. Yet, even Jenner is supporting the lame substitute the Butler Bill), because it now seems the only thing feasible. Meanwhile, public interest has died.

You cannot sound an alarm, to awaken a sleeping nation, with soft, inoffensive words of moderation. You cannot beat a rattlesnake to death with a toothpick. You cannot rope a steer with a silken thread. You cannot kill an elephant with a flyswatter. You cannot turn back the socialist revolution with middle-of-the-road, stop-gap legislation.

For one thing, you cannot get fighting, determined public support for half-hearted

measures. The people are not nearly as dumb as Harry Hopkins said they are. They won't exert themselves to support something which they know won't do any good. They'd rather continue voting for handouts, in the hope that they can grease their own palms. That's why known extreme left-wingers, like Edmund G. Brown in California, get more public support than left-of-center, back-and-forth moderates like Knowland.

But give the people a chance to fight for the unadulterated principles which Jefferson and Madison wrote into our great organic documents of government, and they will fight: they will fight to win.

If the Congressmen and Senators who know that our nation is sliding into ruin — those who try to *reduce* spending which should be stopped altogether; those who try to eliminate *some of the worst features* of a foreign policy that should be scrapped outright; those who try to *limit* welfare legislation that has no constitutional authorization in any form — would concentrate on an uncompromising, all-out piece of legislation to cut the heart out of the one-world socialist drive in America, I believe they would receive vigorous, massive public support.

## WHO IS DAN SMOOT?

Dan Smoot was born in Missouri. Reared in Texas, he attended SMU in Dallas, taking BA and MA degrees from that university in 1938 and 1940.

In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for the degree of Doctor of Philosophy in the field of American Civilization.

In 1942, he took leave of absence from Harvard in order to join the FBI. At the close of the war, he stayed in the FBI, rather than return to Harvard.

He served as an FBI Agent in all parts of the nation, handling all kinds of assignments. But for three and a half years, he worked exclusively on communist investigations in the industrial midwest. For two years following that, he was on FBI headquarters staff in Washington, as an Administrative Assistant to J. Edgar Hoover.

After nine and a half years in the FBI, Smoot resigned to help start the Facts Forum movement in Dallas. As the radio and television commentator for Facts Forum, Smoot, for almost four years spoke to a national audience giving both sides of great controversial issues.

In July, 1955, he resigned and started his own independent program, in order to give only one side — the side that uses fundamental American principles as a yardstick for measuring all important issues. Smoot now has no support from, or connections with, any other person or organization. His program is financed entirely from sales of his weekly publication, *The Dan Smoot Report*.

If you believe that Dan Smoot is providing effective tools for those who want to think and talk and write on the side of freedom, you can help immensely by subscribing, and encouraging others to subscribe, to *The Dan Smoot Report*.

Once the movement started, millions of timid and moderate people would join the march. Even manufacturer's associations and chambers of commerce might stop resolving for a balanced budget and reduced spending — and join the all-or-nothing fight for genuine American constitutional government.

The all-or-nothing, uncompromising piece of legislation I have in mind is House Joint Resolution 355, proposing a constitutional amendment to repeal the income tax amendment and compel the federal government to get out of all unconstitutional activities.

Congressman Ralph Gwinn (Republican, New York) introduced H. J. R. 355 on June 10, 1957. It is still in committee.

Here is the text of the resolution:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:*

## ARTICLE —

*SECTION 1. The Government of the United States shall not engage in any business, professional, commercial, financial or industrial enterprise except as specified in the Constitution.*

*SEC. 2. The constitution or laws of any State, or the laws of the United States shall not be subject to the terms of any foreign or domestic agreement which would abrogate this amendment.*

*SEC. 3. The activities of the United States Government which violate the intent and purposes of this amendment shall, within a period of three years from the date of the ratification of this amendment, be liquidated and the properties and facilities affected shall be sold.*

*SEC. 4. Three years after the ratification of this amendment the sixteenth article of amendments to the Constitution of the United States shall stand repealed, and thereafter Congress shall not levy taxes on personal incomes, estates, and/or gifts.*

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If you do not keep a permanent file of *The Dan Smoot Report*, please mail this copy to a friend who is interested in sound government.

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